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SENATE BILL 6332

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State of Washington

55th Legislature

1998 Regular Session

By Senators Winsley, Prentice, Heavey and Hale

Read first time 01/15/98. Referred to Committee on Financial Institutions, Insurance & Housing.

1 AN ACT Relating to motor vehicle lubricant or chemical treatment  
2 product warranties; and amending RCW 48.01.050 and 48.96.010.

3 BE IT ENACTED BY THE LEGISLATURE OF THE STATE OF WASHINGTON:

4 **Sec. 1.** RCW 48.01.050 and 1990 c 130 s 1 are each amended to read  
5 as follows:

6 "Insurer" as used in this code includes every person engaged in the  
7 business of making contracts of insurance, other than a fraternal  
8 benefit society. A reciprocal or interinsurance exchange is an  
9 "insurer" as used in this code. Two or more hospitals(~~((, as defined in~~  
10 ~~RCW 70.39.020(3),~~)) which join and organize as a mutual corporation  
11 pursuant to chapter 24.06 RCW for the purpose of insuring or self-  
12 insuring against liability claims, including medical liability, through  
13 a contributing trust fund shall not be deemed an "insurer" under this  
14 code. Two or more local governmental entities(~~((, as defined in RCW~~  
15 ~~48.62.020, which pursuant to RCW 48.62.040, 48.62.035, or any other~~  
16 ~~provision of law))~~ that join together and organize to form an  
17 organization for the purpose of jointly self-insuring or self-funding  
18 shall not be deemed an "insurer" under this code. Two or more persons  
19 engaged in the business of commercial fishing who enter into an

1 arrangement with other such persons for the pooling of funds to pay  
2 claims or losses arising out of loss or damage to a vessel or machinery  
3 used in the business of commercial fishing and owned by a member of the  
4 pool shall not be deemed an "insurer" under this code. A manufacturer  
5 of a motor vehicle lubricant or motor vehicle chemical treatment  
6 product who, in connection with the sale of such a product, issues an  
7 agreement warranting the performance of that product is not an  
8 "insurer" under this code; if (1) the manufacturer makes no charge for  
9 the agreement separate and apart from the price of the product, and (2)  
10 the manufacturer, or an entity having direct or indirect beneficial  
11 ownership of at least eighty percent of the common stock of the  
12 manufacturer, has consolidated stockholders' equity of at least fifty  
13 million dollars as reflected on its most recent form 10-K filed with  
14 the federal securities and exchange commission or an audited financial  
15 statement prepared in accordance with generally accepted accounting  
16 principles and as to which an opinion has been expressed by an  
17 independent certified public accountant in good standing with the  
18 American institute of certified public accountants and in all states  
19 where that accountant is licensed to practice.

20 **Sec. 2.** RCW 48.96.010 and 1987 c 99 s 1 are each amended to read  
21 as follows:

22 (1) "Motor vehicle service contract" or "service contract" means a  
23 contract or agreement given for consideration over and above the lease  
24 or purchase price of a motor vehicle that undertakes to perform or  
25 provide repair or replacement service, or indemnification for that  
26 service, for the operational or structural failure of a motor vehicle  
27 due to a defect in materials or skill of work or normal wear and tear,  
28 but does not include mechanical breakdown insurance or a lubricant  
29 product warranty.

30 (2) "Motor vehicle service contract provider" or "provider" means  
31 a person who issues, makes, provides, sells, or offers to sell a motor  
32 vehicle service contract.

33 (3) "Mechanical breakdown insurance" means a policy, contract, or  
34 agreement that undertakes to perform or provide repair or replacement  
35 service, or indemnification for that service, for the operational or  
36 structural failure of a motor vehicle due to a defect in materials or  
37 skill of work or normal wear and tear, and that is issued by an  
38 insurance company authorized to do business in this state.

1 (4) "Motor vehicle service contract reimbursement insurance policy"  
2 or "reimbursement insurance policy" means a policy of insurance  
3 providing coverage for all obligations and liabilities incurred by a  
4 motor vehicle service contract provider under the terms of motor  
5 vehicle service contracts issued by the provider.

6 (5) "Motor vehicle" means any vehicle subject to registration under  
7 chapter 46.16 RCW.

8 (6) "Service contract holder" means a person who purchases a motor  
9 vehicle service contract.

10 (7) "Lubricant product warranty" means an agreement that warrants  
11 the performance of a motor vehicle lubricant or motor vehicle chemical  
12 treatment product manufactured by the warrantor, that is issued in  
13 connection with the sale of such a product; if (a) the warrantor makes  
14 no charge for the agreement separate and apart from the price of the  
15 product, and (b) the warrantor, or an entity having direct or indirect  
16 beneficial ownership of at least eighty percent of the common stock of  
17 the warrantor, has consolidated stockholders' equity of at least fifty  
18 million dollars as reflected on its most recent form 10-K filed with  
19 the federal securities and exchange commission or an audited financial  
20 statement prepared in accordance with generally accepted accounting  
21 principles and as to which an opinion has been expressed by an  
22 independent certified public accountant in good standing with the  
23 American institute of certified public accountants and in all states  
24 where such accountant is licensed to practice.

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